



General Assembly

January Session, 2023

***Raised Bill No. 6612***

LCO No. 3779



Referred to Committee on HUMAN SERVICES

Introduced by:  
(HS)

***AN ACT CONCERNING NONPROFIT HEALTH AND HUMAN SERVICES PROVIDERS.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1       Section 1. (NEW) (*Effective July 1, 2023*) (a) As used in this section and  
2       sections 2 and 4 of this act, (1) "private provider organization" has the  
3       same meaning as provided in section 4-70b of the general statutes, (2)  
4       "health and human services" means services provided under contract  
5       with a state agency that directly support the health, safety and welfare  
6       of residents who may have conditions that include, but are not limited  
7       to, intellectual, developmental, physical or mental disabilities or autism  
8       spectrum disorder, (3) "state agency" has the same meaning as provided  
9       in section 1-79 of the general statutes, and (4) "attempt to recover or  
10      otherwise offset" means (A) efforts to recoup excess funds at the end of  
11      each contract term or fiscal year, (B) reductions in contracted amounts  
12      for the same or similar services from one contract period to the next  
13      contract period, or (C) demands for other reimbursement of state funds  
14      from such organization.

15      (b) Subject to the provisions of subsection (c) of this section, each state

16 agency that contracts with a nonprofit private provider organization for  
17 health and human services shall allow such nonprofit organization that  
18 otherwise meets contractual requirements to retain any excess funds  
19 from the contracted cost for services at the end of a contract term. No  
20 state agency shall attempt to recover or otherwise offset funds retained  
21 by such nonprofit organization from the contracted cost for services,  
22 provided such nonprofit organization meets its contractual obligations  
23 with such state agency.

24 (c) Notwithstanding the provisions of subsection (b) of this section, a  
25 state agency shall not allow a nonprofit private provider organization  
26 that contracts with the state to provide health and human services to  
27 retain excess funds from the contracted cost for services under a contract  
28 funded in whole, or in part, with federal funds when allowing such  
29 organization to retain such funds will jeopardize federal funding or  
30 reimbursement for such contract.

31 Sec. 2. (NEW) (*Effective July 1, 2023*) The Commissioner of  
32 Developmental Services, in consultation with the Secretary of the Office  
33 of Policy and Management, may extend the provisions of section 1 of  
34 this act to other providers with which the Department of Developmental  
35 Services contracts, provided they meet their contractual obligations  
36 with the commissioner.

37 Sec. 3. Section 4-216 of the general statutes is repealed and the  
38 following is substituted in lieu thereof (*Effective July 1, 2023*):

39 (a) No state agency may execute a personal service agreement having  
40 a cost of more than fifty thousand dollars or a term of more than one  
41 year, without the approval of the secretary. A state agency may apply  
42 for an approval by submitting the following information to the  
43 secretary: (1) A description of the services to be purchased and the need  
44 for such services; (2) an estimate of the cost of the services and the term  
45 of the agreement; (3) whether the services are to be on-going; (4)  
46 whether the state agency has contracted out for such services during the  
47 preceding two years and, if so, the name of the contractor, term of the

48 agreement with such contractor and the amount paid to the contractor;  
49 (5) whether any other state agency has the resources to provide the  
50 services; (6) whether the agency intends to purchase the services by  
51 competitive negotiation and, if not, why; and (7) whether it is possible  
52 to purchase the services on a cooperative basis with other state agencies.  
53 The secretary shall approve or disapprove an application within fifteen  
54 business days after receiving it and any necessary supporting  
55 information, provided if the secretary does not act within such  
56 fifteen-day period the application shall be deemed to have been  
57 approved. The secretary shall immediately notify the Auditors of Public  
58 Accounts of any application which the secretary receives for approval  
59 of a personal services agreement for audit services and give said  
60 auditors an opportunity to review the application during such fifteen-  
61 day period and advise the secretary as to whether such audit services  
62 are necessary and, if so, could be provided by said auditors.

63 (b) Each personal service agreement having a cost of more than fifty  
64 thousand dollars or a term of more than one year shall be based on  
65 competitive negotiation or competitive quotations, unless the state  
66 agency purchasing the personal services applies to the secretary for a  
67 waiver from such requirement and the secretary grants the waiver in  
68 accordance with the guidelines adopted under section 4-215.

69 [(c) The secretary shall establish an incentive program for nonprofit  
70 providers of human services that shall (1) allow providers who  
71 otherwise meet contractual requirements to retain any savings realized  
72 by the providers from the contracted cost for services, and (2) provide  
73 that future contracted amounts from the state for the same types of  
74 services are not reduced solely to reflect savings achieved in previous  
75 contracts by such providers. For purposes of this subsection, "nonprofit  
76 providers of human services" includes, but is not limited to, nonprofit  
77 providers of services to persons with intellectual, physical or mental  
78 disabilities or autism spectrum disorder. Any nonprofit provider of  
79 human services allowed to retain savings under the incentive program  
80 shall submit a report to the secretary on how excess funds were  
81 reinvested to strengthen quality, invest in deferred maintenance and

82 make asset improvements.]

83 Sec. 4. (NEW) (*Effective July 1, 2023*) A state agency that contracts with  
 84 a nonprofit private provider organization to provide health and human  
 85 services shall (1) provide an annual cost-of-living adjustment in  
 86 payment rates to such organization equal to the most recent percentage  
 87 increase in the consumer price index for urban consumers, (2) ensure  
 88 payment for such services not later than thirty days after delivery of  
 89 such services, and (3) identify and eliminate any administrative burdens  
 90 placed on such provider organization by any state agency practice or  
 91 procedure unless such practice or procedure is (A) necessary to prevent  
 92 fraud or misuse of funds, or (B) prescribed under federal law or  
 93 regulation for the use of federal funds.

This act shall take effect as follows and shall amend the following sections:

Section 1	<i>July 1, 2023</i>	New section
Sec. 2	<i>July 1, 2023</i>	New section
Sec. 3	<i>July 1, 2023</i>	4-216
Sec. 4	<i>July 1, 2023</i>	New section

**Statement of Purpose:**

To ensure nonprofit health and human services providers contracting with state agencies may retain savings realized from contracted amounts and receive adequate compensation.

*[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]*